

# **DR JS MOROKA LOCAL MUNICIPALITY**



## **DRAFT ANNUAL BUDGET**

**2017/2018**

**“WE DEVELOP AS WE GROW”**

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## **1. EXECUTIVE MAYOR'S FOREWORD**

The 2017/2018 draft budget is presented and tabled in terms of section 16(2) of the Municipal Finance management Act no. 56 of 2003 which prescribes that "the mayor of the municipality must table the annual budget at council municipal council must at least 90 days before the start of the budget year" The Act further provides that's the municipality must take into account the national and provincial budget, the DORA as well as any other agreement reached in the relevant budget forum.

This draft budget is a culmination of the process of community consultation wherein the strategic IDP document was reviewed. All necessary precaution have been followed that this budget is appropriately aligned to the reviewed IDP. The draft budget aims to satisfy the constitutional obligation of the municipality as contained in Part B of schedule 4 and 5 of ACT 108 OF 1996. The tabling and publication of this draft budget is also aimed at soliciting the public to comment so as to ensure that that the budget truly represents the needs of the community.

The 2017/2018 draft budget has maintained our resolute approach of prioritizing water projects. 47% the total capital budget has allocated for water provision within different areas of the municipality with the main aim of reducing the water infrastructure backlog.

The efforts of the municipality to extract itself from grant dependence will only be achieved if the municipality thoroughly implement all its revenue collection strategies and plans. The budget related policies which are concurrently being tabled with the draft budget gives the municipality the necessary legal standing to enforce the collection of rates and taxes.

Therefore this 2017/2018 draft budget is presented for public comments and inputs.

**EXECUTIVE MAYOR  
CLLR SKOSANA G.J**

**RESOLVED**

**2.1 THAT,** Council approve 2017/18 to 2019/20 Draft Medium Term Revenue and expenditure Framework

**2.2. THAT,** Council approve the Draft Tariff Structure for the services provided by the municipality as contained in the tariff policy

**2.3. THAT, Council** approve the following Draft budget related policies:

2.3.1 Budget Policy

2.3.2 Tariff policy and Tariff Structure

2.3.3 Credit Control and Debt Collection Policy

2.3.4 Property Rates Policy

2.3.5 Free Basic Services and Indigent Support

2.3.6 Impairment of Debt and Write-off Policy

2.3.7 Cash Management and Investment Policy

2.3.8 Supply Chain Management Policy

2.3.9 Asset Management Policy

2.3.10 Loss control policy

**2.4 THAT,** the draft annual budget be taken for public participation consultation in terms of section 22 of the MFMA.

### **3. EXECUTIVE SUMMARY**

National Treasury issued MFMA circular numbers 85 and 86 to guide the compilation of the 2017/2018 MTREF. The 2017/2018 budget is informed by low revenue base and lack of economic activity which has affected the anticipated revenue collection. The poor revenue collection in the previous financial year has prompted the municipality in doing away with incremental budgeting and to be conservative in applying Zero based budgeting.

It is further critical to give special attention to revenue management, credit control and debt collection to ensure that the municipality's cash flow position is improved in within the short term.

The municipal budget is manly funded through National Government Grants. The purpose of Infrastructure government grants is to deliver on national government priorities relating to service delivery while the main purpose of the equitable share is to fund the provision of free basic services to the poor.

The publishing of the regulation on the municipal standard chart of Accounts (MSCOA) will have a huge impact on the municipality in terms of how budgets is compiled. This is not only financial reform but a business reform as a whole and the largest since the implementation of the MFMA in 2003 and GRAP standards. The MSCOA regulations will apply to all municipalities with effect from 1 July 2017.

In view of the above mentioned, the following table is a consolidated overview of the 2017/18 draft Revenue and Expenditure budget

**Table 1:**

REVENUE & EXPENDITURE SUMMARY	2016/2017 ADJUSTED BUDGET	2017/2018 DRAFT BUDGET	2018/2019 BUDGET	2019/2020 BUDGET
Revenue	R 520,520,500.	R 550,345,000	R 560,150,000	R 570 250 000
Operating Expenditure	R 394,925,136	R 428,807,550	R 433,544,550	R 440,448,000
Capital Expenditure	R 123,602,000	R 121,002,450	R 125,005,450	R 127,702,000
<b>Surplus/( Deficit)</b>	<b>R 1,723,364</b>	<b>R 535,000</b>	<b>R 1,600,000</b>	<b>R 2,1000,000</b>

Total draft projected revenue for 2017/2018 financial year is at **R 550,345,000** which comprises of grants and own revenue and the total draft operating expenditure for the 2017/18 financial year has been projected at **R 428,807,550** which makes **78%** of the total budget and capital budget at **22%** of the total budget.

### **3.1 DRAFT OPERATING REVENUE**

For the municipality to continue improving the quality of services provision to its community it needs to generate the required amount of revenue. In these tough economic times strong revenue management is essential to the financial sustainability of every municipality. The reality is that the municipality is faced with developmental backlogs. The expenditure required to address these challenges will always exceed available funds; hence drastic measures has to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

**The following table is a summary of the 2017/18 MTREF (classified by own revenue source):**

The total funding or the expected revenue of the draft annual budget is **R 550,345,000** which is **85%** of grants and subsidies and **15%** of own revenue projected.

The following tables illustrate the own revenue by source:

<b>OWN REVENUE BY SOURCE</b>	<b>BUDGET 2017/2018</b>	<b>2018/2019 BUDGET</b>	<b>2019/2020 BUDGET</b>
PROPERTY RATES	R18,500,000.00	R20,245,283.02	R22,155,215.38
WATER & SANITATION	R37,000,000.00	R40,490,566.04	R44,310,430.76
WASTE	R2,500,000.00	R2,735,849.06	R2,993,948.02
CEMETERY	R500,000.00	R547,169.81	R598,789.60
FACILITIES	R500,000.00	R547,169.81	R598,789.60
INTEREST ON INVESTMENT	R5,500,000.00	R6,018,867.92	R6,586,685.65
INTEREST ON OUTSTANDING DEBTS	R2,500,000.00	R2,735,849.06	R2,993,948.02
TRAFFIC FINES	R250,000.00	R273,584.91	R299,394.80
MOTOR LICENSING	R5,000,000.00	R5,471,698.11	R5,987,896.05
TRADING LICENCES	R250,000.00	R273,584.91	R299,394.80
APPLIC FOR TRADING LICENCE	R25,000.00	R27,358.49	R29,939.48
SUNDRY INCOME	R250,000.00	R273,584.91	R299,394.80
APPLICATION FOR TENDER DEPOSIT	R250,000.00	R273,584.91	R299,394.80
INTEREST ON TRADING LICENSE	R5,000.00	R5,471.70	R5,987.90
UNALLOCATED DEPOSITS	R25,000.00	R27,358.49	R29,939.48
ADVERTISING PREMEDIA	R50,000.00	R54,716.98	R59,878.96
SALES OF STANDS	R9,000,000.00	R9,849,056.60	R10,778,212.89
BUILDING PLAN FEES	R15,000.00	R16,415.09	R17,963.69
PHOTO COPY	R25,000.00	R27,358.49	R29,939.48
CLEARANCE CERTIFICATE	R25,000.00	R27,358.49	R29,939.48
REGISTRATION PROPERTY TRANSFER	R10,000.00	R10,943.40	R11,975.79
RENTAL OF STALLS	R15,000.00	R16,415.09	R17,963.69
OTHER REVENUE	R2,305,000.00	R2,522,452.83	R2,760,420.08
<b>TOTAL</b>	<b>R84,500,000.00</b>	<b>R92,471,698.11</b>	<b>R101,195,443.22</b>

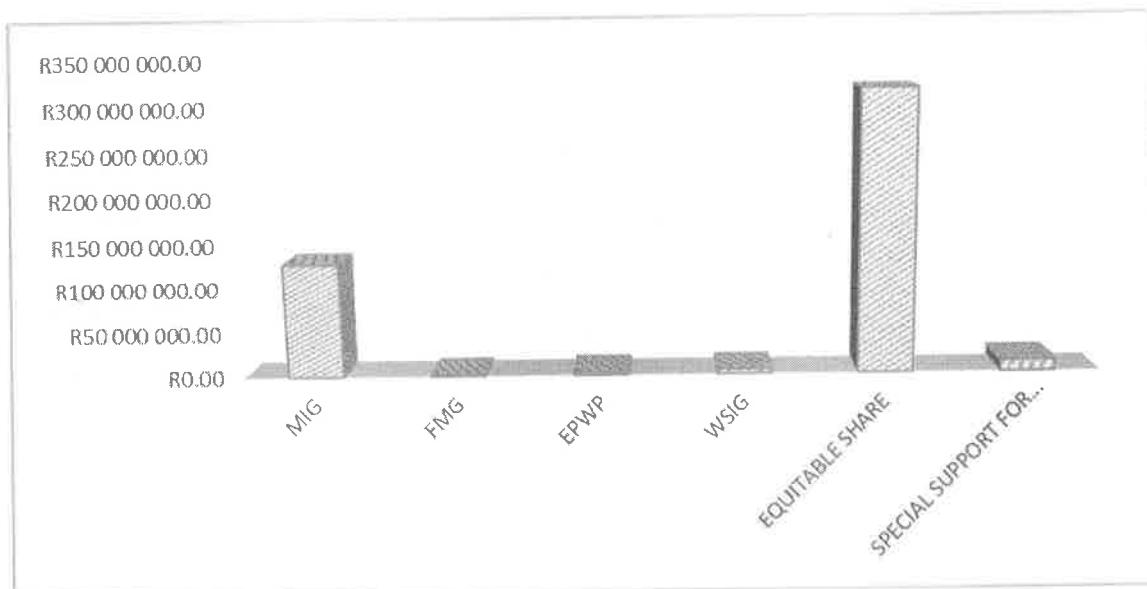
National Division of Revenue Bill allocations reflect the appropriation of Grants such as MIG, while there are strict conditions and processes for municipalities to access and retain the funding. The municipality should therefore ensure that it strives by all means to meet the conditions of the grant in order to ensure that service delivery is not disadvantaged.

The following table gives a breakdown of the various grants and subsidies allocated to the municipality over the medium term

GRANT SOURCE	DRAFT BUDGET 2017/2018	2018/2019	2019/2020
MIG	R127,371,000.00	R134,957,000	R142,962,000
FMG	R1,700,000.00	R1,955,000	R1,955,000
EPWP	R3,246,000.00		
WSIG	R5,000,000.00	R10,000,000	R10,000,000
EQUITABLE SHARE	R316,355,000.00	R344,913,000	R358,572,000
SPECIAL SUPPORT FOR COUNCILLORS REMENERATION AND WARD CDOMMITEE	R12,173,000.00		
TOTALS	<b>R465,845,000.00</b>	<b>R491,825,000</b>	<b>R513,489,000</b>

Overall grants and subsidies allocation has increased by **6%** from 2016/2017, of which Equitable Share alone has increased by **4%** and MIG has Increase by **7%.**

The following graph gives a breakdown of the main revenue categories for 2017/2018 financial year.



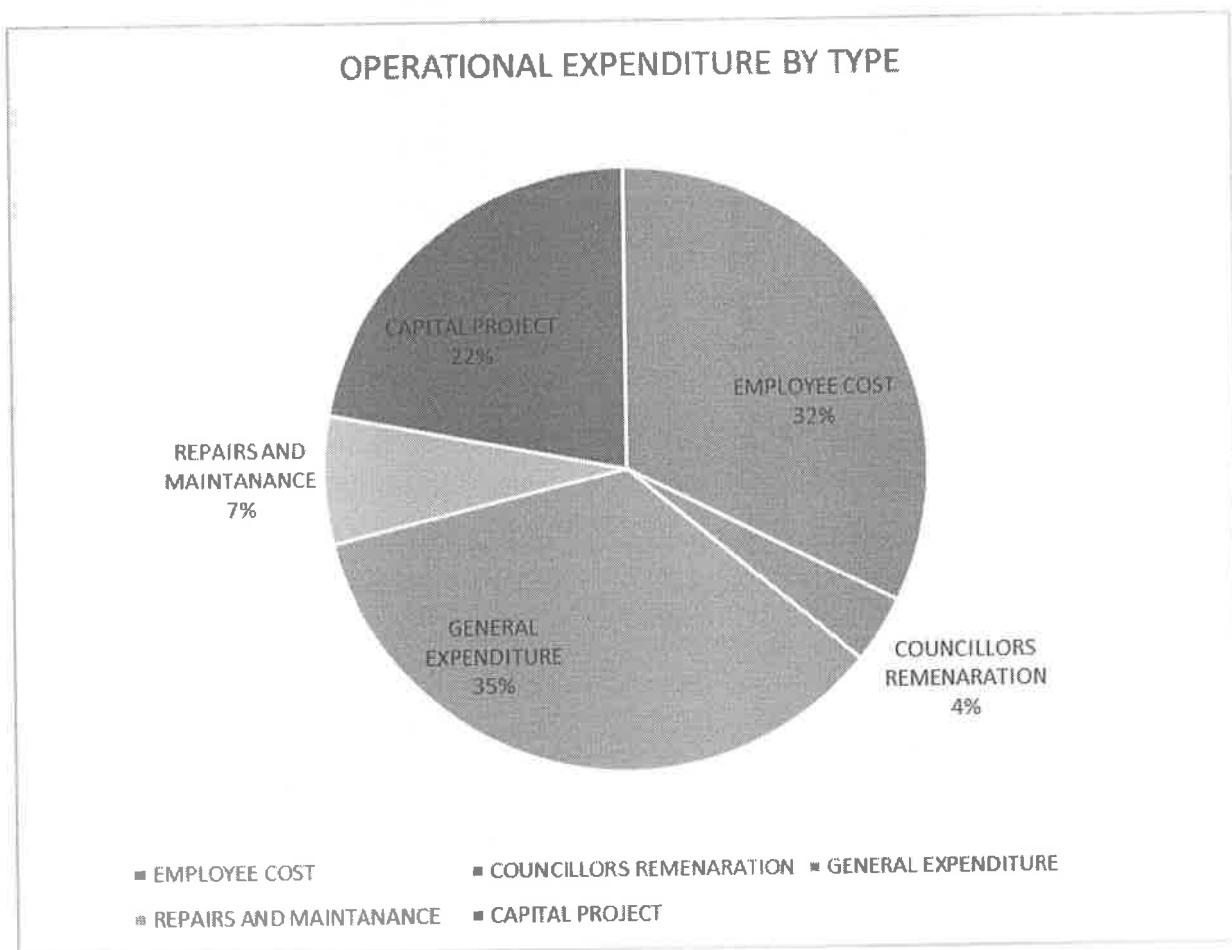
### 3.2 OPERATING EXPENDITURE FRAMEWORK

The following table is a high level summary of the 2017/18 draft operating expenditure budget by type:

**Summary of operating expenditure by type**

OPERATING EXPENDITURE BY TYPE	2016/2017 ADJUSTED BUDGET	2017/2018 DRAFT BUDGET	2018/2019 BUDGET	2019/2020 BUDGET
EMPLOYEE COST	R 155 681 237	R 178,000,000	R188,680,000	R200,000,000
COUNCILLORS REMENARATION	R 19 749 441	R 20,000,000	R21,200,000	R22,427,000
GENERAL EXPENDITURE	R 176 429 460	R 193,603,000	R205,219,000	R217,532,000
REPAIRS AND MAINTANANCE	R 43 064 998	R 37,710 000	R39,973,000	R42,371,000
<b>TOTAL</b>	<b>R394 925 136</b>	<b>R429,313,000</b>	<b>R455,072,000</b>	<b>R482,376,000</b>

**The graph below depict the percentages of expenditure by type**



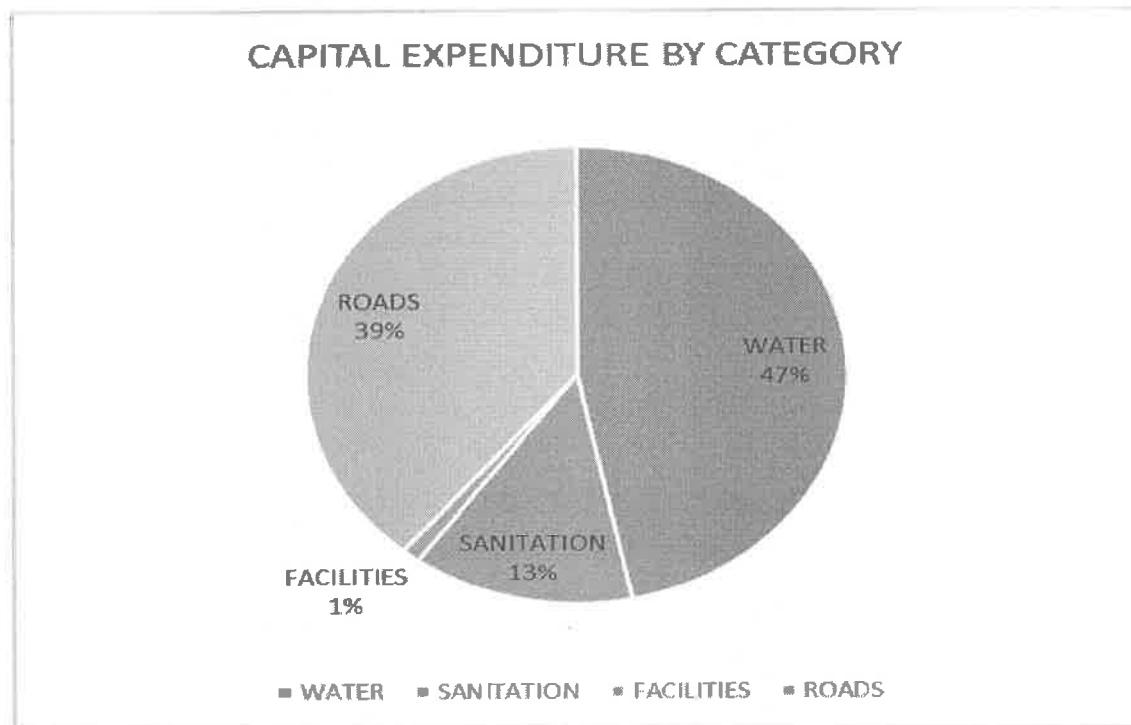
### **3.3 DRAFT CAPITAL EXPENDITURE**

The Draft Capital budget is financed through MIG. The total draft capital budget for 2017/2018 financial year amounts to R 121,002,450

**The following table illustrates the Capital Expenditure by vote**

CAPITAL EXPENDITURE BY VOTE	2016/2017 ADJUSTED BUDGET	2017/2018	2018/2019	2019/2020
WATER	R 88 9209 670	R 56 623 643	R 63 429 790	R 67 192 140
SANITATION	R 13 601 575	R 16 000 000	R 17 544 410	R 18 585 060
FACILITIES	R 8 098 803	R 1 300 000	R 1 349 570	R 1 429 620
ROADS	R 20 991 952	R 47 078 807	R 52 633 230	R 55 755 180
ELECTRICITY				
<b>TOTAL</b>	<b>R 123 602 000</b>	<b>R 121 002 450</b>	<b>R 134 957 000</b>	<b>R 142 962 000</b>

**Below chart illustrates the 2017/2018 draft capital expenditure**



The draft capital budget complies with the Municipal Structures Act and MFMA as it's aligns with the Draft IDP as adopted by Council.

The budgetary allocations for draft capital expenditure have been undertaken in a manner that will not only ensure that the IDP outcomes are achieved but also lead to the municipality's vision being realized.

**DETAIL LIST OF CAPITAL PROJECTS FUNDED BY MUNICIPAL INFRASTRUCTURAL GRANT:**

WATER PROJECTS	WARD	SOURCE OF FUNDING	BUDGET 2017/2018	BUDGET 2018/2019	BUDGET 2019/2020
Fixing and Re-instating the Bloedfontein Bulk Supply System (Phase 2)	23,24,25	MIG	9,389,643	14,000,000	-
Mmamethlake Water Reticulation, Borehole equiping and Storage Tank	29	MIG	-	-	-
Upgrading Of Digwale Bulk line	15,16,17	MIG	-	-	-
Upgrading and extension of reticulation networks in the Bloedfontein Village Cluster ( <b>Allemansdrift C</b> )	18	MIG	6,234,000	-	-
Upgrading and extension of reticulation networks in the Bloedfontein Village Cluster ( <b>Senotlelo</b> )	20	MIG	-	10,000,000	10,000,000
Upgrading and extension of reticulation networks in the Bloedfontein Village Cluster ( <b>Ga-Maria, Lefiso &amp; lefisoane</b> )	21,22	MIG	-	8,000,000	15,000,000
Upgrading and extension of reticulation networks in the Waalkraal Village Cluster ( <b>Makopanong</b> )	2	MIG	10,000,000	-	-
Upgrading and extension of reticulation networks in the Waalkraal Village( <b>Mogononong</b> )	6	MIG	10,000,000	-	-
Upgrading and extension of reticulation networks in the Waalkraal Village( <b>Ga-Phaahla, Siyabuswa, Meetsemadiba, Mabusabesale, Ga-Makola, Matshiding, Marothobolong, Dithabaneng &amp; Maphotla</b> )	1,3,4,5,6,10,11,12,13 & 14	MIG	-	15,000,000	15,000,000
Replacement of AC pipes in <b>Siyabuswa</b>	3,4,5,6	MIG	-	-	-
upgrading and extension of reticulation network in the Kameelriver sub system village cluster ( <b>Madubaduba</b> )	19	MIG	-	-	-

WATER PROJECTS	WARD	SOURCE OF FUNDING	BUDGET	BUDGET	
			2017/2018	2018/2019	2019/2020
Upgrading and extension of reticulation network in the Kameelriver sub system village cluster ( <b>Mbhongo, Gamorre, Digwale, Pieteskraal, Libangeni,Mthambothini &amp; Mabuyeni</b> )	6,8,9,13,15,16 & 17	MIG	9,000,000	9,000,000	9,000,000
Basic Borehole Water Supply in the Mathanjana Villages ( <b>Masobye</b> )	31	MIG	6,000,000	8,000,000	-
Basic Borehole Water Supply in the Mathanjana Villages ( <b>Katjibane, Nokaneng, Mmamethake &amp; Phake</b> )	25,27,29 & 30	MIG	-	10,000,000	12,000,000
Phake Water Reticulation	30	MIG	6,000,000	-	-
Seabe Water Reticulation	24,25	MIG	-	-	-
<b>SUB-TOTAL</b>		<b>56,623,643</b>	<b>63 429 790</b>	<b>67 192 140</b>	
SANITATION PROJECTS	WARD	SOURCE OF FUNDING	BUDGET	BUDGET	
			2017/2018	2018/2019	2019/2020
Provision of CWB Toilets in the eastern cluster villages	1-16	MIG	8,000,000	10,000,000	10,000,000
Provision of CWB Toilets in the Western cluster villages	17-31	MIG	8,000,000	10,000,000	10,000,000
<b>SUB-TOTAL</b>			<b>16,000,000</b>	<b>17 544 410</b>	<b>18 585 060</b>

ROADS PROJECTS	WARD	SOURCE OF FUNDING	BUDGET	BUDGET	
			2017/2018	2018/2019	BUDGET 2019/2020
Upgrading of Roads and Stormwater in Libangeni (Libangeni Stormwater Drainage)	17	MIG	4,000,000	7,000,000	5,000,000
Upgrading of Makometsane Bus and Taxi Route	19	MIG	16,021,339	12,000,000	10,000,000
Upgrading of roads and Stormwater in Siyabuswa	1-5	MIG	4,870,972	8,000,000	8,000,000
Rehabilitation of Katjibane Bus and Taxi Route	27	MIG	2,339,863	11,854,000	12,000,000
Upgrading of Roads and Stormwater Darinage in Seabe, Mmadumā, Marapayne (Marapayne Bus & Taxi Route)	23,24	MIG	19,846,632	14,000,000	12,000,000
Upgrading of bus and taxi route in Maphotla	14	MIG	-	-	-
Upgrading of Mabuyeni Bus and Taxi Route	6	MIG	-	-	-
<b>SUB-TOTAL</b>			<b>47,078,807</b>	<b>52 633 230</b>	<b>55 755 180</b>
FACILITIES PROJECT		SOURCE OF FUNDING	BUDGET 2017/2018	BUDGET 2018/2019	BUDGET 2019/2020
DR JS Moroka fresh produce market	WAR D 19	MIG	100,000	-	-
Upgrading of Nokaneng Stadium	DRJS MLM	MIG		6,000,000	8,000,000
Construction of fences around Municipal cemeteries in the western cluster	DRJS MLM	MIG	600,000	-	-
Construction of fences around Municipal cemeteries in the Eastern cluster	DRJS MLM	MIG	600,000	-	-
<b>SUB-TOTAL</b>			<b>1,300,000</b>	<b>1 349 570</b>	<b>1 429 620</b>

## **PART 2 - SUPPORTING DOCUMENTATION**

### **4. BUDGET PROCESS OVERVIEW**

MFMA, Chapter 4, as well as Circular 59 provide guidance on the steps in the annual budget process. Critical to the development of a credible budget are:  
Consultation with the community and other stakeholders, as summarized below:

1. Political oversight and management of the budget process
2. Time schedule relating to the budget process
3. Process for tabling of budget and community consultations

#### **4.1 Political oversight of the budget process**

The Council and Management convened various planning sessions to discuss political and strategic priorities that would inform the IDP/Budget review. Formal and Informal meetings were also convened with managers to discuss issues relevant to the budget.

#### **4.2 Schedule of Key Deadlines relating to budget process [MFMA s 21(1)(b)]**

The process schedule of key deadlines for the preparation of the budget for the 2017/2018 medium term budget was approved by Council in August 2016 which is 10 months before the start of the budget year.

#### **4.3 Process for tabling of budget and community consultation**

In terms of section 23 of the MFMA, after the budget is tabled, the municipal council must consider any views of the local community, National Treasury, relevant provincial treasury and any provincial or national organ of state or municipalities which made submissions on the budget.

### **5. Overview of alignment of draft annual budget and Integrated Development Plan**

#### **The following is the process used to integrate the review of the IDP and preparation of the budget**

This section provides a good understanding of what is contained in the IDP and how that guides the allocations in the draft budget. The draft budget documentation provides a high-level overview of the IDP and reference is being made to the detailed IDP documentation.

## **6. OVERVIEW OF BUDGET RELATED POLICIES**

This section provides an overview of the budget related policies to be approved by council resolution.

The following indicates the names of the existing budget related policies which are also attached as annexures:

- ✓ Asset Management policy
- ✓ Budget policy
- ✓ Cash management and investment policy
- ✓ Credit Control and Debt collection policy
- ✓ Debt impairment and the writing off policy
- ✓ Indigent policy
- ✓ Property rates policy
- ✓ Loss control policy
- ✓ Supply chain management policy
- ✓ Tariff policy

### **6.1 Budget policy**

Budget policy includes basic budgeting principles and objectives, it also allocates roles and responsibilities in terms of budget management Review

No aspect of the policy are subjected for review.

### **6.2 Property rates policy**

Property rates policy gives effect to the implementation of municipal property rates act, Act no 6 of 2004.

Various sections of the act have been amended which necessitates a change in the policy.

### **6.3 Debt collection and credit control policy**

The policy purpose is to set the municipal revenue collection target and also outlines how the municipality will act against defaulters

### **6.4 Indigent policy**

This policy specifies the framework for providing relief from the burden of rates and tariffs to registered or identified indigents.

In order to strengthen the policy the following aspects have been included:

Applications in the database will no longer apply annually but will be maintained in the system and be evaluated by the municipality on annual basis.

#### **6.5      Asset Management policy**

This policy outlines the capitalization benchmarks, the treatment and the recognition criteria in terms of the relevant accounting standards. The policy also asset out the depreciation norms testing of impairment and asset management requirements.

#### **6.6      Supply Chain Management Policy**

This policy deals with the acquisition of goods and services by the municipality in a fair, transparent and competitive legally permissible process.

The policy has been reviewed to include the procurement of goods and services through Section 32 of the Municipal SCM Regulations, 2005

#### **6.7      Investment policy**

This policy assist the Accounting officer in managing the surplus funds that would not be immediately needed to finance the municipal activities, programmes or projects thus by authorising the Accounting Officer to invest such funds with the accredited financial institutions.

#### **6.8      Debt impairment and write off policy**

The policy assist the municipality in managing consumer debtors and disclosing them in the financial statement. Criteria for write off and impairment has been included in the policy.

#### **6.9      Tariff policy**

Tariff policy prescribes uniform rates and tariff structure, the basis and cross subsidization between consumers and users of major services as well as the management of a realistic provision for doubtful and bad debts.

### **6.10 Loss Control Policy**

The policy assist the municipality in managing lost assets.

Except for the loss control policy which is new draft, No changes have been made on the existing council policies, however the tariff structure has been adjusted.

**The objective of this Tariff Policy is to ensure the following:**

Tariffs must conform to acceptable policy principles;  
Municipal services must be sustainable;  
Tariffs must comply with the applicable legislation; and  
Tariffs should take indigent consumers into consideration

**The tariff increase for the financial year 2017/2018 to be effective by 1 July 2017 is as follows: Households 6% Government 8.5% Businesses 9.5%**

## **7. Overview of Budget Assumptions**

### **7.1 Expenditure**

#### Salaries and Allowances

Salaries are at 32% of the total budget and the councilor's remuneration at 4%.

#### General expenditure

General expenditure is at 35% of the total budget

#### Repairs and Maintenance

The total repairs and maintenance is 7% of the total budget.

### **7.2 Revenue**

#### Households

It is assumed that the total number of households in the municipal area (the tax base) will increase during the financial year.

#### Collection rate for municipal services

It is assumed that the collection rate for the financial year 2017/2018 will increase.

#### Grants

It is assumed that the National grants as per Division of Revenue Act (DORA) which has been included in the budget will be received during the 2017/18 financial year.

#### Indigents

It is assumed that the indigents will increase during the financial year as the municipality is busy with the process of data cleansing.

## **8. OVERVIEW OF BUDGET FUNDING**

In terms of Section 18 of Municipal Finance Management Act, an annual budget may be funded from:

- ✓ Realistically anticipated revenues to be collected
- ✓ Cash backed accumulated funds from previous years surpluses not committed for other purposes
- ✓ Borrowed funds but only for the capital budget referred to in Section 17

On the basis of the above it should be noted that the municipal budget is funded mainly from:

- ✓ **Equitable Share** which constitute 60% of revenue which is to fund the day to day running of the municipality and fund the services consumed by the indigent section of the community.
- ✓ **Conditional Grants** (MIG, EPWP, FMG and WSIG) constitute 25% and the grant is used to fund the infrastructure backlog as well as capacitating financial officials and interns.
- ✓ **Own revenue** constitutes 15% of the budget. (Relates to realistically anticipated revenue to be collected) This portion of the budget depend on the municipal ability to raise and collect revenue so that it can be able to fund its operations

## 9. COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS

MP316 Dr J.S. Moroka - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Councillors (Political Office Bearers plus Other)</b>	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages		13 248	14 991	10 869	13 179	13 179		13 970	14 808	15 697
Pension and UIF Contributions		1 415	1 495	1 578	1 882	1 882		1 995	2 114	2 241
Medical Aid Contributions		390	468	686	821	821		891	944	1 001
Motor Vehicle Allowance		3 904	4 129	4 377	5 293	5 293		5 611	5 948	6 305
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
					3 346					
<b>Sub Total - Councillors</b>		<b>18 957</b>	<b>21 082</b>	<b>20 856</b>	<b>21 176</b>	<b>21 176</b>	<b>-</b>	<b>22 467</b>	<b>23 815</b>	<b>25 244</b>
% increase	4		11.2%	(1.1%)	1.5%	-	(100.0%)	-	6.0%	6.0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		2 849	3 679	4 067	3 101	3 101	3 101	1 395	1 479	1 567
Pension and UIF Contributions		488	704	833	422	422	422	316	335	355
Medical Aid Contributions					136	136	136	268	284	301
Overtime					30	30	30			
Performance Bonus		28	77	36	360	360	360	116	123	131
Motor Vehicle Allowance	3				167	167	167	174	185	196
Cellphone Allowance	3				20	20	20	29	31	33
Housing Allowances	3							1	1	1
Other benefits and allowances	3	655	552	258	1	1	1	1	1	1
Payments in lieu of leave					215					
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		<b>4 017</b>	<b>5 010</b>	<b>5 409</b>	<b>4 237</b>	<b>4 237</b>	<b>4 237</b>	<b>2 300</b>	<b>2 437</b>	<b>2 584</b>
% increase	4		24.7%	8.0%	(21.7%)	-	-	(45.7%)	6.0%	6.0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		75 914	88 338	107 190	129 937	129 937	129 937	124 103	111 978	118 697
Pension and UIF Contributions		16 918	16 967	20 708	24 319	24 319	24 319	24 144	25 592	27 128
Medical Aid Contributions		5 302	6 679	7 790	9 131	9 131	9 131	10 142	10 751	11 396
Overtime		6 926	6 866	7 309	8 727	8 727	8 727			
Performance Bonus		6 591	7 981	8 718	9 625	9 625	9 625	9 073	9 617	10 194
Motor Vehicle Allowance	3	2 027	2 039	3 145	3 184	3 184	3 184	3 184	3 954	8 491
Cellphone Allowance	3	106	338	816	934	934	934	659	698	740
Housing Allowances	3	1 259	1 517	1 556	1 433	1 433	1 433	1 117	1 184	1 256
Other benefits and allowances	3	3 725	965	4 412	523	523	523	42	45	48
Payments in lieu of leave		2 337	2 231							
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Other Municipal Staff</b>		<b>121 105</b>	<b>133 920</b>	<b>161 645</b>	<b>187 813</b>	<b>187 813</b>	<b>187 813</b>	<b>173 234</b>	<b>168 357</b>	<b>173 901</b>
% increase	4		10.6%	20.7%	16.2%	-	-	(7.8%)	(2.8%)	3.3%
<b>Total Parent Municipality</b>		<b>144 079</b>	<b>160 013</b>	<b>187 910</b>	<b>213 226</b>	<b>213 226</b>	<b>192 050</b>	<b>198 000</b>	<b>194 610</b>	<b>201 728</b>

## 10. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

**MP316 Dr J.S. Moroka - Supporting Table SA30 Budgeted monthly cash flow**

Budget Year 2C-17/18										Medium Term Revenue and Expenditure Framework						
MONTHLY CASH FLOWS		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2D-18/19 <sup>1</sup>	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
<b>Cash Receipts By Source</b>																
Property rates	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	1 542	18 500	20 245	22 155
Service charges - electricity revenue	2 250	2 250	2 250	2 250	2 250	2 250	2 250	2 250	2 250	2 250	2 250	2 250	2 250	27 000	29 891	33 074
Service charges - water revenue	833	833	833	833	833	833	833	833	833	833	833	833	833	10 000	10 600	11 236
Service charges - sanitation revenue	208	208	208	208	208	208	208	208	208	208	208	208	208	2 500	2 736	2 994
Service charges - refuse revenue	42	42	42	42	42	42	42	42	42	42	42	42	42	500	547	599
Service charges - other	42	42	42	42	42	42	42	42	42	42	42	42	42	500	547	599
Rental of facilities and equipment	456	456	456	456	456	456	456	456	456	456	456	456	456	5 500	6 019	6 587
Interest earned - external investments	208	208	208	208	208	208	208	208	208	208	208	208	208	2 500	2 736	2 994
Interest earned - outstanding debtors														-	-	-
Dividends received														-	-	-
Fines, penalties and forfeits	21	21	21	21	21	21	21	21	21	21	21	21	21	250	274	299
Licences and permits	417	417	417	417	417	417	417	417	417	417	417	417	417	5 000	5 472	5 868
Agency services														-	-	-
Transfer receipts - operational	84 619	1 021	84 619	1 021	84 619	1 021	84 619	1 021	84 619	1 021	84 619	1 021	84 619	338 474	356 868	370 527
Other revenue	91 660	7 042	91 660	7 042	91 660	7 042	91 660	7 042	91 660	7 042	91 660	7 042	91 660	12 250	13 406	14 670
<b>Cash Receipts by Source</b>														449 340	471 723	
<b>Other Cash Flows by Source</b>														-	-	-
Transfer receipts - capital														-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	42 457													42 457	127 371	134 957
Proceeds on disposal of FPE														-	-	-
Short term loans														-	-	-
Borrowing long term/refinancing														-	-	-
Increase (decrease) in consumer deposits														-	-	-
Decrease (increase) in non-current debtors														-	-	-
Decrease (increase) other non-current receivables														-	-	-
Decrease (increase) in non-current investments														-	-	-
<b>Total Cash Receipts by Source</b>	91 660	49 499	7 042	91 660	7 042	49 499	91 660	7 042	134 117	7 042	134 117	7 042	7 042	550 345	584 297	614 685
<b>Cash Payments by Type</b>																
Employee related costs	14 833	14 833	14 833	14 833	14 833	14 833	14 833	14 833	14 833	14 833	14 833	14 833	14 833	178 000	188 680	200 000
Remuneration of councillors	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	20 000	21 200	22 427
Finance charges	21	21	21	21	21	21	21	21	21	21	21	21	21	250	265	281
Bulk purchases - Electricity														-	-	-
Bulk purchases - Water & Sewer														-	-	-
Other materials	3 143	3 143	3 143	3 143	3 143	3 143	3 143	3 143	3 143	3 143	3 143	3 143	3 143	37 710	39 973	42 371
Contracted services	3 979	3 979	3 979	3 979	3 979	3 979	3 979	3 979	3 979	3 979	3 979	3 979	3 979	47 750	50 615	53 652
Transfers and grants - other municipalities														-	-	-
Transfers and grants - other														-	-	-
Other expenditure	12 134	12 134	12 134	12 134	12 134	12 134	12 134	12 134	12 134	12 134	12 134	12 134	12 134	145 603	154 339	163 600
Cash Payments by Type	38 776	35 776	35 776	35 776	35 776	35 776	35 776	35 776	35 776	35 776	35 776	35 776	35 776	429 313	455 072	482 330
Capital assets	10 084	10 084	10 084	10 084	10 084	10 084	10 084	10 084	10 084	10 084	10 084	10 084	10 084	121 002	134 957	142 962
Repayment of borrowing														-	-	-
Other Cash Flows/Payments														-	-	-
Other Cash Payments by Type	45 860	45 860	45 860	45 860	45 860	45 860	45 860	45 860	45 860	45 860	45 860	45 860	45 860	550 315	580 029	625 292
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	45 801	3 639	(38 818)	45 801	(38 818)	3 639	45 801	(38 818)	88 258	(38 818)	(38 818)	(38 818)	(38 818)	30	(5 732)	(10 868)
Cash/cash equivalents at the monthly/year begin:	45 801	49 440	10 622	56 422	17 604	21 243	67 044	28 226	116 483	77 665	38 847	30	30	(5 703)	(16 311)	

## **11. LEGISLATION COMPLIANCE STATUS**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **11.1 In year reporting**

Reporting to National Treasury in electronic format was complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has been adhered to

### **11.2 Internship programme**

Dr JS Moroka Local municipality is participating in the Municipal Financial Management Internship programme, currently employed four interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the municipality has successfully employed and trained interns through this programme.

### **11.3 Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

### **11.4 Audit Committee**

An Audit Committee has been established and is functional.

## **12. Conclusion**

In terms of section 16(2) of the MFMA, the mayor must table the draft annual budget at least 90 days before the start of the budget year. After tabling the Draft Annual Budget to council the following is the Programmed for community consultation in terms of Section 23 of the Municipal Finance Management Act

## **13. Recommendation**

**13.1. THAT, Council approve 2017/18 to 2019/20 Draft Medium Term Revenue and Expenditure Framework**

**13.2. THAT, Council approve the Draft Tariff Structure for the services provided by the municipality as contained in the tariff policy**

**13.3. THAT, Council approve the following Draft budget related policies:**

13.3.1 Budget Policy

13.3.2 Tariff policy and Tariff Structure

13.3.3 Credit Control and Debt Collection Policy

13.3.4 Property Rates Policy

13.3.5 Free Basic Services and Indigent Support

13.3.6 Impairment of Debt and Write-off Policy

13.3.7 Cash Management Policy

13.3.8 Supply Chain Management Policy

13.3.9 Asset Management Policy

13.3.10 Loss control policy

13.4 **THAT**, the draft annual budget be taken for public participation consultation in terms of section 22 of the MFMA.

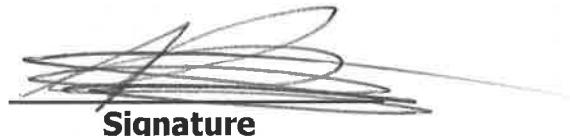
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#### **14. MUNICIPAL MANAGER'S QUALITY CERTIFICATE**

I B.S Mahlangu, Municipal Manager of Dr JS Moroka Local Municipality, hereby certify that the 2017/2018 draft annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name B.S Mahlangu

Municipal manager of Dr JS Moroka Local Municipality (MP316)

  
**Signature**

03/04/2017  
**Date**